

Premier Explosives

14 August 2026

Operator: Ladies and gentlemen, good day and welcome to the Q1 FY27 conference call hosted by Premier Explosives Ltd. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal the operator by pressing star and then zero on your touchtone phone. I now hand the conference over to Mr. Akhilesh Gandhi from Stellar IR. Thank you, and over to you.

Akhilesh Gandhi – Stellar IR: Thank you, Steve. Good afternoon, everyone. I, Akhilesh Gandhi, on behalf of Stellar Investor Relations, welcome you all to the Premier Explosives Q1 FY27 earnings conference call. We shall be sharing the key operating and financial highlights for the first quarter ended June 30, 2026. Today, we have with us the senior management team of Premier Explosives. In particular, we have Mr. T.V. Chowdary, our Managing Director, along with Mr. Vijay Kumar, our Chief Financial Officer.

Before we begin, I would like to state that this call may contain some forward-looking statements that are completely based on the company's beliefs, opinions, and expectations as of today. The statements made on today's call are not a guarantee of future performance and also involve unforeseen risks and uncertainties. The company also undertakes no obligation to update any forward-looking statements to reflect developments that occur after the statement is made. Documents relating to the company's financial performance, including the investor presentation, have already been uploaded on the stock exchanges. With that, I now invite Mr. T.V. Chowdary to share his opening remarks on the company's performance for the first quarter. Thank you, and over to you.

T.V. Chowdary – Managing Director: Thank you, Mr. Akhilesh, and good afternoon, everyone. I welcome you all to the earnings conference call of Premier Explosives for the first quarter ended June 30, 2026. Thank you for joining us. I trust you have reviewed our Q1 FY27 results along with the investor presentation available on the stock exchanges and on our website.

During Q1 FY27, we reported revenue of 102.6 crore, reflecting a decline of 28% year-on-year. The quarter was impacted by delays in dispatches and project execution, primarily due to ongoing global headwinds and supply chain disruptions across certain programs. While these factors affected near-term revenue recognition, the underlying demand environment for our products and solutions remains robust.

On the profitability front, operating performance was impacted by elevated raw material costs amid prevailing global market conditions. The increase in input prices created temporary pressure on margins during the quarter. However, we continue to focus on operational efficiency, cost optimization, and disciplined execution to mitigate these challenges. Encouragingly, we believe that many of these external headwinds are gradually easing. As supply chains stabilize and execution improves, we expect stronger operational performance and better revenue conversion in the coming quarters.

Most importantly, our business fundamentals remain strong. As of today, our order book stands at 1,393 crore, with approximately 94% of the order book coming from the defense segment. The

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healthy order backlog provides strong revenue visibility and reinforces our confidence in the company's growth trajectory.

Also, regarding the recent acquisition by Apollo Microsystems, we believe this marks a significant milestone in Premier Explosives' growth journey and opens up exciting opportunities for the company. The partnership brings together Apollo's strengths in defense electronics and mission-critical systems with Premier's capabilities in energetic materials, rocket motors, ammunition, and propulsion systems, creating a broader and more integrated defense platform.

For Premier, the strategic benefits are clear: enhanced access to larger and more complex defense programs, stronger technology and R&D capabilities, wider customer reach, and improved operational efficiencies through scale and collaboration. The combined strengths will also strengthen our position in India's growing defense indigenization and export opportunities. We believe this partnership will accelerate Premier's next phase of growth, strengthen our competitive positioning, and create long-term value for all stakeholders. We remain excited about the opportunities ahead and look forward to unlocking the full potential of this partnership. Now, I request Mr. Vijay Kumar, our CFO, to share the financial performance.

Vijay Kumar – CFO: Thank you. Good afternoon, everyone. The results presentation for the quarter ended June 30, 2026, has been uploaded on the stock exchanges and on the company's website. I believe you may have gone through it.

Revenue from operations for Q1 FY27 declined by 28% year-on-year to 102.6 crores. Our EBIT for Q1 FY27 declined by 80% year-on-year to 4.8 crores. The EBIT margin for the quarter stands at 4.7%. Our net profit decreased by 80% year-on-year to 3 crores. The PAT margin for the quarter stands at 3%.

Now, coming to the order book, the company's current order book stands at 1,393 crores, out of which the defense segment order is the majority at 1,309 crores, which is equal to 94% of the total order book. The explosives segment stands at 42 crores, which is equal to 3% of the total order book, and the services segment, which is the operations and maintenance services segment, stands at 42 crores, which is equal to 3% of the total order book. This order book reflects the strong growth visibility we see over the coming years. We remain confident that, supported by sustained execution momentum, continued development of new products, and our ongoing expansion initiatives, the company will continue to maintain a strong growth trajectory in the forthcoming quarters. With this, we will now open the floor for questions and answers. Thank you.

Operator: Thank you. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. The first question comes from the line of Paras Kulkarni with Ignite Capital. Please go ahead.

Paras Kulkarni – Ignite Capital: Hi, thank you for taking my questions. Firstly, on the cost side, we have seen a sharp decline in other expenses from 20 crores to 11 crores in Q1. If I were to build it for the entire year, what run-rate cost do we expect for the full year? Also, what attributed to this

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decline?

Management: In earlier quarters, there were provisions, including {? expected credit loss provision ?}, and there was a decline in forex losses—a decrease in forex losses. So, these are not comparable on an exact apples-to-apples basis. There is a reduction in cost as far as other expenses are concerned.

Paras Kulkarni – Ignite Capital: Sure. So, is 11 crores a sustainable run rate going ahead?

Management: We can say around 9 crores. You can see that on June 30, 2025, also, it was around 9 crores. So, it would be in the range of 9 to 10 crores.

Paras Kulkarni – Ignite Capital: Okay, understood. Now, coming to the gross margin, you explained in your opening remarks that the geopolitical situation affected the margin. Looking at FY27, where do we see the gross margin? Do we see it improving sequentially, or should we maintain 35% as a reasonable assumption?

Management: Margins will definitely improve because we have different products in our product portfolio. Depending on the dispatches of the products, the margin keeps increasing. The healthy order book and execution pattern, along with the movement of materials and all those goods during this quarter, give us confidence that margins will improve in the coming quarters.

Paras Kulkarni – Ignite Capital: Okay. Could you please quantify whether this is the baseline and whether we should assume gross margins of around 40% going ahead, considering Q4, which we achieved?

Management: Even in earlier conference calls, we said that we are targeting an EBITDA margin of 15–20%. So, I think we are trying to achieve it along the same lines.

Paras Kulkarni – Ignite Capital: Okay. You mentioned enhancing your product offerings, and you said that we would also be looking at drones and UAVs. What is the current stage of development here? Are we trying to develop our own UAV technologies, or would we be partnering with other companies? Could you please provide some clarification on that?

Management: We are not developing our own drone technologies; that is for the birds and all those. We are partnering with several drone manufacturing companies for the payloads. We are making the payloads and then participating along with them as a partner, not as an independent standalone supplier.

Paras Kulkarni – Ignite Capital: Okay, understood. Now, with Apollo taking over, do you expect any orders from the naval side of the business? They have good relations with the Navy and have orders relating to {? sea mines ?} and submarines. Do you see any traction going ahead in the order book from the naval side?

Management: We are hoping that this association will help us strategically strengthen ourselves, and the total potential of this will become known only by December.

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Paras Kulkarni – Ignite Capital: Okay, by December. My last question is about the export licenses. In the fourth quarter, we had talked about around 400 crores of export licenses that we had not received. Have we received them currently? Last time, we said that we expected to receive those licenses within 3–4 months. What is the status there? Also, what export portion do we expect in FY27 from the current order book execution?

Management: Over the past 1 week, we have received several export licenses, and we have also moved the material out of the factories. Some of them are in the pipeline. We are expecting them to arrive in 1 or 2 days. So, it is going on.

It is going on satisfactorily. Regarding the receipt of export licenses and the material that is moving out, I think we will complete all the backlogs from previous quarters in this quarter.

Paras Kulkarni – Ignite Capital: Is it fair to expect around 200–300 crores of exports in 2027, as stated earlier?

Management: We are targeting around 200 crores in this quarter based on existing—150 to 200 crores.

Paras Kulkarni – Ignite Capital: Understood. I will join the queue again. Thank you for answering.

Operator: Thank you. The next question comes from the line of Varun Jhawar with Dolat Capital. Please go ahead.

Varun Jhawar – Dolat Capital: Good afternoon. I have a couple of questions. Starting with the July 2023 flares order, this was guided for completion in Q1 FY27, and the {? 30 crores ?} of LD reversal was expected. Is there any update on that?

Management: The LD is still in process. Maybe by the end of this quarter or by October–November, I think we will come to know because there are a lot of processes involved and it is ongoing. As far as flares are concerned, there are further orders in the pipeline, and we have started production in our own plant. We are hoping that this will contribute well in the coming quarters. We are also going to complete the earlier orders in another 3–4 months. There is a backlog of about 75 crores, which will be completed in the next 4–5 months.

Varun Jhawar – Dolat Capital: This backlog, just for clarity, means that the July 2023 order will be completed in the next 4–5 months. Is that right?

Management: Yes. Part of it has already been completed.

Varun Jhawar – Dolat Capital: Earlier, management had guided that, of the 430 crore order from October 2025, approximately two-thirds would be completed in FY27, which would be close to 285 crores. Is that guidance on track, and how much did we execute in Q1?

Management: In Q1, it was only around 21 crores. In the second quarter, we are expecting a better number.

Varun Jhawar – Dolat Capital: For the entire year, will we execute close to 285 crores?

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Management: No, we are targeting completion of the order within this financial year.

Varun Jhawar – Dolat Capital: So, the entire 430 crore order will be completed in FY27?

Management: Yes.

Varun Jhawar – Dolat Capital: Do we have the capability and capacity to execute the entire order?

Management: Yes, we do. The chaff material payload is dependent on imports, which we have completed and executed. We manufacture the flares in our own plant, so we have the capability to complete the order.

Varun Jhawar – Dolat Capital: On the guidance front, I think management had guided for 600–700 crores in FY27. We have done close to 103 crores in FY27 in Q1. In the balance 9 months, can we execute another 500–600 crores? Do we have that kind of capacity?

Management: In terms of capacity, as I explained, we have the capacity to manufacture flares and other products, whereas for items such as chaffs, we are dependent on imports, which depend on the prevailing conditions there. Otherwise, flares and other products are manufactured in our own facility, and we will be able to execute them.

Varun Jhawar – Dolat Capital: So, you retain the 600 crore guidance for FY27. Is that right?

Management: Yes.

Varun Jhawar – Dolat Capital: Last quarter, you mentioned that there was a new alternative raw material that you had sent to DRDO for approval, and that it would be used for land mines and loitering munitions for drones. Is there any update on that?

Management: There has been considerable progress on it. They are conducting tests on the material that we have proposed, and this is being done by DRDO, ARDE, and HEMRL. Once it is complete, I think they will give us clearance to use that material. That will open the door for us to completely enter the mines business, including Adhrushi mines and Ulka mines, which are very much in demand from the Indian Army.

Varun Jhawar – Dolat Capital: By when do we expect the survey by DRDO to be completed?

Management: We have assembled the entire hardware component, and the work on the other components and chemicals is ongoing. It may take another 6 months.

Varun Jhawar – Dolat Capital: Another 6 months. Okay.

Management: Yes.

Varun Jhawar – Dolat Capital: On the Kattupalli capex, we had earlier said that some assets would start commissioning by the end of Q1 and some by Q2. Did we see anything commissioned by the end of Q1 or even up to now? We are already halfway through Q2.

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Management: The integration of the pipelines and the erection and installation of plant and machinery for RDX and HMX production are almost complete. We are expecting to take up the water trials in September. The water trials will take 1 month, and after that, the plant will begin production of the intended products, namely RDX and HMX.

Regarding the mixing plant, where a 2.5-ton planetary mixer has been installed, some components imported by the supplier of the mixer were delayed because of maritime movement of ships and related issues. We have now put pressure on them and asked them to ship the components by air. We are also hoping that by the end of September, we will be ready with the plant and will then take up the dummy trials.

Varun Jhawar – Dolat Capital: On the Andhra Pradesh expansion plan, after the acquisition of the promoter's stake by Apollo, are we continuing with it, and have we finalized the land parcel?

Management: The pricing of the land parcel was an issue. We were requesting the government to offer a reasonable price that we could afford, because as an explosives industry, we require large areas of land. The price of such a large area makes a significant difference. We have requested the government to rework the price and give us a better price through which we can benefit gainfully. At present, that is the status.

Varun Jhawar – Dolat Capital: This expansion will continue even after Apollo comes in. Apollo will continue with it, right?

Management: The requirements are there. Once they come into the picture, we will take a call after presenting our—

Varun Jhawar – Dolat Capital: Okay, understood. Just the last question from my side. What changes do you expect after Apollo comes in? With the new capabilities they bring, what more can you do? Are there any synergy benefits or any guidance on that?

Management: We expect to gain significant benefits from their capabilities in defense electronics, which is an area in which we have no expertise. We expect to benefit from their expertise and from systems that integrate electronics with high-energy materials. That is where we are definitely looking forward to doing better strategically. More details will probably come by the next quarter.

Varun Jhawar – Dolat Capital: Understood. Thank you, and all the best.

Management: Thank you.

Operator: Thank you. The next question comes from the line of Chandresh with Nivesh Share. Please go ahead.

Chandresh – Nivesh Share: Thank you for the opportunity. I have 2 questions on the order book. Can you provide the program-wise breakup of the order book?

Management: We can only provide a breakup between industrial explosives and defense. That is all. We have 94% defense orders and 6% regular explosives, or industrial explosives.

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Chandresh – Nivesh Share: Secondly, with respect to this project, BEL is also expecting about {? 30,000 to 40,000 ?} crores. On that side, how much is {? Premier Explosives ?} expecting in the QRSAM category?

Management: I do not understand the question. Could you please repeat it?

Chandresh – Nivesh Share: Basically, regarding QRSAM, how much are you expecting under that category?

Management: QRSAM—if we have participated in a tender or something, then we can say that, but the tenders themselves have not yet been called.

Chandresh – Nivesh Share: Understood. Thank you so much.

Operator: Thank you. Participants who wish to ask a question may press star and one. The next question comes from the line of Paras Kulkarni with Ignite Capital. Please go ahead.

Paras Kulkarni – Ignite Capital: Just 1 question on the order book. What is the order inflow guidance for FY27?

Management: We already have 393 crores, so for FY27 we are expecting another 200–300 crores.

Paras Kulkarni – Ignite Capital: Will the execution of the 200–300 crore order inflow take place in FY27 itself?

Management: All our orders are for the next 2 years. We are expecting a run rate of 1,000 crores plus. Whatever we execute after that will continue in the same manner.

Paras Kulkarni – Ignite Capital: Understood. Thank you.

Operator: Thank you. The next question comes from the line of Deepak, an individual investor. Please go ahead.

Deepak – Individual Investor: Hello? Hello?

Management: Yes, you are audible. Please go ahead.

Deepak – Individual Investor: Good afternoon. I have a specific question regarding the 28% year-on-year decline in revenue in Q1 FY27. Due to dispatch and execution delays, which specific projects were impacted, and what portion of our deferred revenue is expected to be recovered during FY27?

Management: The deliveries of our export orders were delayed because of maritime problems. Similarly, some of the components that we import for the finished product, namely countermeasures, were supposed to come from abroad, and delays in receiving those components also caused delays in deliveries. These are the main reasons for the delays. We expect to overcome them and complete those executions in the current quarter, the second quarter.

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Deepak – Individual Investor: Understood. In Defense and Space, revenue declined by 35% year-on-year despite the strong defense environment that you mentioned. Was that purely timing-related, or were there delays in the customer's procurement and acceptance process?

Management: Some delays occurred because of delays in obtaining export licenses for the export orders. However, as I mentioned at the beginning, most of the licenses have now been received, and we are in the process of completing the orders. We hope to complete all of them in the second and third quarters.

Deepak – Individual Investor: So, there were no delays from the customer's procurement and acceptance process?

Management: No.

Deepak – Individual Investor: What will be the revenue guidance for FY27, and does management still expect to achieve meaningful growth despite a weak start to the year?

Management: As we mentioned, we are expecting a target turnover of around 600 crores, which is a considerable increase compared with the previous year, and over 2 years if you consider it that way.

Deepak – Individual Investor: Understood. Thank you for the opportunity. I will join the queue again. Thank you.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question, you may press star and one. The next question comes from the line of Varun Jhawar with Dolat Capital. Please go ahead.

Varun Jhawar – Dolat Capital: I have a couple of follow-up questions. Regarding the April 2026, 350 crore international order for defense products, have we received the export license for this order?

Management: It is actually in process.

Varun Jhawar – Dolat Capital: By when can we receive the export license for this, and when will execution start?

Management: We are expecting it next month. Usually, it takes at least 3–4 months to process every export license. Before we submit it for processing, we have to receive the import license from the importing country. So, this process takes time, at least a minimum of 3–4 months.

Varun Jhawar – Dolat Capital: I did not understand the import license requirement. Why do you need the import license for this?

Management: The other party—the country to which we are going to export—has to issue an import license to the importer there.

Varun Jhawar – Dolat Capital: Understood. Once that comes, then you start production—

Varun Jhawar – Dolat Capital: Is it safe to assume that there will be no production for this order in this calendar year?

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Management: Actually, I think we are expecting some dispatches in the last quarter.

Varun Jhawar – Dolat Capital: In the last quarter. Understood. Regarding the bulk explosives business, what is the guidance for FY27 and FY28 as well, if you can provide it?

T.V. Chowdary – Managing Director: It is difficult to predict FY28 because prices are very dependent on raw material import costs. There are multiple manufacturing capacities, and there are also more than 40 players in this field. So, it is difficult to predict.

Varun Jhawar – Dolat Capital: For FY27, if you can provide some guidance, because I think we have already completed 40% of FY27, what kind of revenue can we expect, and what is the current margin profile?

Management: We have an unexecuted contract with Singareni Collieries. The balance portion of about 25–30 crores will be executed this financial year.

Varun Jhawar – Dolat Capital: Other than that, is there nothing else? Just that much?

Management: Other than that, we have detonating fuse orders and other orders. We also have export orders in that segment. Those orders will continue.

Varun Jhawar – Dolat Capital: So, we can get close to {? 80 80 crores ?} in FY27 in this revenue, right?

T.V. Chowdary – Managing Director: Just like last year, I think we will maintain the same level.

Varun Jhawar – Dolat Capital: Understood. What is the margin profile we are getting here currently? From what I have heard, Coal India and Singareni margins have been very low.

T.V. Chowdary – Managing Director: We withdrew from Coal India last year as well because prices were very low. Regarding Singareni, yes, we are servicing it because it is close by. The prices are a little better than Coal India in terms of our net cost and related factors. Otherwise, margins are very, very thin. In many places, they are negative.

Varun Jhawar – Dolat Capital: So, they are low single-digit margins, right?

T.V. Chowdary – Managing Director: Yes.

Varun Jhawar – Dolat Capital: Just the last question. In the international market, what is the scenario for RDX and HMX in terms of supply, demand, and pricing? Could you provide some perspective?

Management: Demand is good, but obtaining licenses is difficult.

Varun Jhawar – Dolat Capital: What about the pricing of RDX and HMX?

T.V. Chowdary – Managing Director: We export to different countries, so pricing depends on the country. At present, the war situation and related factors have pushed demand up. For the present, prices are good. We will have to see what happens after 2 or 3 years.

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Varun Jhawar – Dolat Capital: Can you quantify the prices or provide some range? That would be helpful for RDX, HMX, and any other major grade of explosives.

T.V. Chowdary – Managing Director: We are competing in this area as well, so we do not want to say anything about that.

Varun Jhawar – Dolat Capital: I mean, I am asking about the industry price range, the range in which the industry operates, not your selling price.

T.V. Chowdary – Managing Director: You can easily obtain industry prices from the internet and other sources.

Varun Jhawar – Dolat Capital: Okay, no issues. That is all from me. Thank you, and all the best.

Operator: Thank you. The next question comes from the line of Deepak, an individual investor. Please go ahead.

Deepak – Individual Investor: Hello. Thank you for the opportunity again. My question is related to the EBITDA margin. We have seen a drastic decline in the EBITDA margin from 15% to 6% in Q1 FY27. Could you share the reason behind this?

Management: As our Managing Director explained, there is a portfolio of products. Depending on the product dispatches, the margin varies slightly. However, our overall guidance is approximately 15–25% as our yearly target.

Deepak – Individual Investor: How much of the margin erosion is due to raw material costs and the under-absorption of fixed costs?

Management: That is the difference you are seeing, but I think we will make it up in the coming quarters.

Deepak – Individual Investor: Have raw material prices started to normalize?

Management: They are not normalizing, but we already have some contracts in place, and we have to execute them. Once we complete the contracts, we will also increase the prices.

Deepak – Individual Investor: If raw material prices normalize, what EBITDA margin range can we expect? Would it be the same as 15–20%?

Management: Yes, for this financial year.

Deepak – Individual Investor: One last question on the order book. We have nearly 13–14 million of order book, equivalent to nearly 3.5–3.6x FY26 revenue. What percentage of this order book will be executed in the next 12–18 months?

Management: As per our expected turnover run rate, we are expecting about 500–600 crores; rather, we are targeting 600 crores.

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Deepak – Individual Investor: You are targeting approximately 500–600 crores in the next 12–18 months.

Management: Yes.

Deepak – Individual Investor: Thank you for the opportunity, and all the best for the next quarter.

Operator: Thank you. Ladies and gentlemen, if you wish to ask a question to the management, you may press star and one.

Operator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. T.V. Chowdary for his closing comments.

T.V. Chowdary – Managing Director: Thank you, Mr. Akhilesh. Thank you to all the stakeholders for showing interest in the company and for wishing us success in our future endeavors. Thank you very much.

Management: Thank you.

Operator: Thank you. On behalf of Premier Explosives Ltd., that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.

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